

Berkshire Health Group

Board Meeting #12-05

Lenox Town Hall
Lenox Massachusetts
Tuesday, December 20, 2011 at 9:30 a.m.

Meeting Minutes

Board and Alternates Present:

Greg Federspiel, Chair	Town of Lenox
Mary Beverly, Vice-Chair	Town of Adams
Jorja-Ann Marsden	Berkshire County Insurance Group
Brenda Rondeau	Mt. Greylock RSD
Janet Saddler	Town of Williamstown
Stephen Presnal	Southwick Tolland RSD
Sharon Harrison	Berkshire Hills RSD
Marge Foster	Central Berkshire RSD
David Hinkell	Adams Cheshire RSD
Bruce Turner	Southern Berkshire TSD
Maureen Senecal	Northern Berkshire Vocational RSD

Guests present:

James Kelley	Treasurer, Berkshire Health Group
Maureen Daniels	BHG Wellness Coordinator
Jay Johnson	Town of Williamstown
Mary Kavanaugh	Town of Williamstown
Steve Corbin	Blue Cross Blue Shield (BCBS)
Patricia Kaplan	Blue Cross Blue Shield (BCBS)
Carol Cormier	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Chair Greg Federspiel opened the meeting at 9:30 a.m.

Approval of the Minutes of the meeting of November 22, 2011 (Meeting #12-04):

Marge Foster asked to add to page 4, second paragraph, that “Steve Corbin said that BCBS considers the BHG Network Blue plans to be HMOs”.

Greg Federspiel asked that on page 2, where it says “high” co-pays, it should read “higher” co-pays.

Brenda Rondeau made a motion to approve the minutes of the November 22, 2011 meeting as amended.

Marge Foster seconded the motion. The motion passed by unanimous vote.

Motion

FY11 Financial Audit report:

Richard Bienvenue distributed a final draft of the “FY11 audited Financial Statements and Management Discussion and Analysis with required supplementary information years ended June 30, 2011 and 2010”. He said he had given an independent report of the financial statements in accordance with the government auditing standards.

He reported Net Assets of \$12,246,428 at year end which he said was a \$1.85M increase over the previous year-end figure. Mr. Bienvenue reported Total Liabilities of \$4,187,935.

Mr. Bienvenue reviewed the Statement of Net Assets and reported \$291,422 in reinsurance receivables and \$211,264 received in retiree drug subsidy monies. Mr. Bienvenue said that the Nonoperating revenue/expense includes the Retiree Drug Subsidy reimbursement of \$243,397 that was distributed to the employers.

Mr. Kelley asked Mr. Bienvenue to show this figure below the Total Operating Revenues.

Mr. Bienvenue agreed and said that he would wait two weeks to finalize the audit report to see if the Early Retiree Reimbursement Program reimbursement was received.

Mr. Bienvenue said that a note was made on page 10 that the Municipal Health Care Reform Bill was passed on July 12, 2011. He said that the bill allows altering the plans offered by the Group, but was unsure of its impact.

Mr. Bienvenue reminded the Board that the deadline for town and district Treasurers to contact other communities to recover their portion of the retirement health insurance costs of retirees that were employed by two or more municipalities, is January 15, 2012.

Carol Cormier said that the WSHG Board is working with Attorney Kevin Feeley to draft a proposal of rules and a process for recouping those monies.

Rich Bienvenue said that his office is trying to come up with an on-line system that clients can use to figure the retirement costs.

Mr. Bienvenue said that he would send a draft of the BHG FY11 audit report to Carol Cormier.

Ms. Cormier said that she will send Attorney Kevin Feeley's draft to Mr. Bienvenue.

Mr. Bienvenue reviewed the Management Letter and said that there are two comments, one about the segregation of duties and the other is on the financial policies and procedures.

Jim Kelley said that BHG has a written investment policy and said that he is working on a document of policies and procedures. Mr. Kelley asked Mr. Bienvenue to add his comments to the draft audit.

Karen Carpenter said that the Early Retiree Reimbursement (ERRP) request for reimbursement for fiscal year 2011 was approved.

Steve Corbin, BCBS said that there was news release from ERRP that stated that even though the requests have been approved, that the reimbursements given out on a first come/first serve basis and that the money may run out prior to all receiving the reimbursements.

The Board thanked Mr. Bienvenue, and he left the meeting.

Treasurers Report -

Treasurer Jim Kelley reviewed the financial statements of November 30, 2011 (unaudited figures). Mr. Kelley said that the overall cash position decreased by a net of \$1.54M at the end of November, mainly due to advance collections of member assessment revenue and quarterly settle-up payment and level monthly deposit to BCBS. He said the Cash-Schwab portfolio increased by \$301K.

Jim Kelley said that the health claims are running at 81% of member assessment revenue, and the dental claims are running at 73% of member assessment revenue.

There was a discussion about the decrease of claims expense, and Ms. Cormier asked Mr. Corbin to run a yearly report stratifying the claims by category.

Mr. Kelley said that at month ended November 30, 2011, the trust fund surplus is \$13,967,000, with a year-to-date profit of approximately \$1,914,000.

Ms. Cormier asked Mr. Corbin for a review of the Level Monthly Deposit.

Approval of December 2011 Warrant Summary:

Carol Cormier reviewed the December 2011 Warrant Summary and said that the invoice for \$4,275.00 from Segal Services for the report they prepared regarding the proposed plan design changes was included.

Sharon Harrison moved to approve the December Warrant Summary.

Motion

Mary Beverly seconded the motion. The motion passed by unanimous vote.

GBS Reports:

Carol Cormier reviewed the Funding Rate Analysis with data through November and said the expense-to-funding ratio for health plans was 88.2% and for dental was 84.1%.

Ms. Cormier said that she received the rate projections from BCBS yesterday. Ms. Cormier said that some of her clients are using the name "Benchmark Plans" when naming or referring to the plans with deductibles. Ms. Cormier reminded the Board that units offering the Value Plus plans will see less savings with the new plan design changes than that of the units offering the Legacy plans

Ms. Cormier reviewed the BCBS level monthly deposit report for the two most recent months ending November 30, 2011 and said that BHG has a credit balance of \$1.5M which will be applied to next month's claims.

Ms. Cormier said that she recommends building in a 25% expected reinsurance plan increase when building the rate projections. She said that one of the other group's received low interest from the carriers and received a 25% increase. She said that carriers are less than enthusiastic about reinsuring municipalities.

Karen Carpenter reviewed the stop loss reports with data through October 2011. She said that close to \$69K was owed to the BHG on the FY11 policy. She said that no members had exceeded the policy deductible for FY12.

Ms. Cormier reviewed the Diabetes Care Rewards Program report through November 30, 2011 from Abacus Group and said that 27% of the targeted BHG members have signed up for the program. She said that 53% of those that have signed up have met all of the requirements and are getting their medications and supplies at \$0 cost. She said that there was \$3,162.00 of member co-pays waived and \$38,991.00 prescription costs paid.

Maureen Daniels said that she is working with the Abacus Group to increase participation by doing a mailing of testimonials.

Sharon Harrison said that she would mail the name of the person to Ms. Daniels who gave her a testimonial.

Ms. Cormier said that the new Section 18A implementation needs to be finalized by July 1, 2012. She said that the Standard Medex plan may be comparable to the new deductible plans, but they may not be

comparable to the Value Plus plans. Ms. Cormier asked the Board members if they would like to authorize an actuarial study to be done.

There was a discussion about whether or not to offer only the Medex Enhanced plan and eliminate the Medex Standard plan.

Brenda Rondeau made a motion to offer only the Medex Enhanced plan and to eliminate the Medex Standard plan effective July 1, 2012.

Motion

Sharon Harrison seconded the motion. The motion was passed by unanimous vote.

Wellness/Health Behaviors Update:

Maureen Daniels said that 20 members submitted postcards for the colonoscopy incentive program. She said that there is a \$50 gift card incentive for that program. Ms. Daniels said that the blood pressure clinics are doing well and said that the Maintain Campaign will be finished in January. Ms. Daniels said that she is working with BCBS to remind members of the \$150 fitness reimbursement available through BCBS.

Ms. Daniels said that the Healthy Behaviors reach-out is going to be revamped to try to increase participation. She said that one of her other clients tied the health assessment to their deductible and gave up to 70% back to the member.

Sub-Committee Report on fund balance utilization:

Greg Federspiel summarized the Sub-Committee report and said that among the suggestions to utilize the fund balance surplus was to engage the services of an actuary to do a study of the reserve fund needs based on past claims and utilization history. He said other suggestions are to distribute the RDS reimbursements to the employers, subsidize the rates with \$1.5M and to set aside money for wellness initiatives targeting disease management similar to the Diabetes Rewards Program. Mr. Federspiel said that he would recommend focusing on one-on-one coaching. Mr. Federspiel said that another suggestion was to have BHG fund the employer HRAs to mitigate for the benchmark plans.

Marge Foster said that the consultant hired by the Central Berkshire RSD said that a common fund balance target is 21%.

Dave Hinkell made a motion to hire an actuary to complete a study of the BHG fund balance, what the target should be based on the history of the BHG fund balance and its policy.

Motion

Sharon Harrison seconded the motion. The motion passed by a majority vote with one against the motion.

The Board asked Ms. Cormier to contact Segal Company first and said that they would like to keep the fee under \$5,000. The Board asked Ms. Cormier to ask Segal Company to provide a percentage range for the fund policy and a summary of total members, claims, etc.

Ms. Cormier suggested that if the BHG is not satisfied with the quote from Segal, it could request a quote from Milliman.

Janet Saddler asked for more time to absorb the suggestions of spending down the fund balance and asked that it be held until the Board reviews the FY13 health plan rate projections. She said that she prefers to wait to make modifications until after the actuarial study is reviewed.

Dave Hinkell agreed with Ms. Saddler.

Sharon Harrison said that she would like to know what the decisions are sooner than later due to budgeting.

Greg Federspiel suggested moving on distributing the RDS monies and subsidizing the rates and making a decision on the other recommendations of the Sub-Committee at a later date.

There was a discussion.

Sharon Harrison asked if the FY13 Health Plan Comparison charts would be ready soon.

Pat Kaplan, BCBS asked Karen Carpenter to send her the draft and said that she would update them.

Greg Federspiel summarized the discussion and said that the Board will continue to review the Sub-Committee report, review the rates and the actuarial report, when ready. He said that they would consider moving forward with subsidizing the rates and distributing the RDS monies from the fund surplus.

Other Business:

Greg Federspiel set the next meeting dates for January 23, February 28 and March 20, all to be held at 9:30 AM at Lenox Town Hall.

Pat Kaplan asked the Board to consider increasing the dependent age of the dental plans up to the same age as the medical plans to eliminate the need to send out certifications and to make administrating the plans easier.

Steve Corbin said that he would verify the impact that this would make. Mr. Corbin asked that the employers set the Open Enrollment health fair dates soon and asked all to contact him with the dates.

There was no other business.

Brenda Rondeau moved to adjourn.

Motion

Sharon Harrison seconded the motion. The motion passed by unanimous vote.

Greg Federspiel adjourned the meeting at 11:35 AM

*Prepared by Karen Carpenter
Group Benefits Strategies*